

Message Text

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70

ACTION EB-11

INFO OCT-01 AF-10 ARA-11 EUR-25 ADP-00 STR-08 CIAE-00

DODE-00 PM-09 H-02 INR-10 L-03 NSAE-00 NSC-10 PA-03

RSC-01 PRS-01 SS-15 USIA-12 OEP-01 GSA-01 INT-08

COME-00 TRSE-00 OMB-01 CIEP-02 AID-20 SCEM-02 RSR-01

/168 W

----- 043840

R 111726 Z MAY 73 ZDK
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 020
INFO AMEMBASSY SANTIAGO
AMEMBASSY LIMA
AMEMBASSY LUSAKA
AMEMBASSY KINSHASA
AMEMBASSY LONDON

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E. O. 11652: N/ A

TAGS: EMIN CIPEC

SUBJECT: CIPEC INTEREST IN U. S. STRATEGIC STOCKPILE DISPOSAL
PROGRAM

REF: STATE 86762

1. DURING GUERONIK (CIPEC EXEC DIRECTOR) CALL ON MAY 11, WE PASSED NON- FYI INFORMATION CONTAINED REFTEL ON TO HIM.
2. GUERONIK SAID HE UNDERSTOOD U. S. MINT NORMALLY USED COPPER CATHODES FOR COINAGE CIPEC ESTIMATE OF COMPOSITION U. S. STOCKPILE AS FOLLOWS (IN METRIC TONS): 74,000 - CATHODES; 77,000 - WIRE BAR; 23,000 - WIRE ROD; 55,000 - OXYGEN FREE HIGH CONDUCTIVITY COPPER; AND APPROXIMATELY 7,000 - COPPER BERYLLIUM ALLOY. COMMENTING THAT WITHDRAWAL U. S. MINT FROM MARKET IN WHICH IT NORMALLY TOOK
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OVER 30,000 TONS COPPER PER YEAR WOULD HAVE SIGNIFICANT IMPACT ON PRICES, GUERONIK WONDERED WHAT GSA PLANS WERE FOR DISPOSAL OR EXCHANGE OF NON- CATHODE COPPER NOW IN STOCKPILE. HE HAS SPECULATED ON POSSIBILITY THAT NON- CATHODE COPPER WOULD BE SOLD AND REPLACED WITH COPPER CATHODES. IF POSSIBLE, HE WOULD APPRECIATE CLARIFICATION THIS POINT.

3. IN SUBSEQUENT DISCUSSION RECENT MOVEMENTS COPPER PRICES ON LME, GUERONIK INDICATED THAT CHILEAN PRODUCTION HAS IN FACT DECREASED IN 1973 OVER 1972 LEVELS. HE SAID CAUSES FOR THIS DECREASE WERE STRIKES IN EL TENIENTE MINE, LACK OF FOREIGN EXCHANGE FOR PURCHASE REPLACEMENT PARTS AND NEW MACHINERY, AND CONTINUING DIFFICULTIES WITH POLITICALLY APPOINTED SUPERVISORY PERSONNEL. HE ALSO MENTIONED FEARS THAT ZAMBIAN PRODUCTION MAY FALL OFF IN THE FUTURE, AS RESULT OF GOZ DECISION NOT TO SHIP COPPER THROUGH RHODESIA. HE CONFIRMED CHINESE PURCHASES IN RECENT WEEKS ON LME BUT CLAIMED THAT RECENT SOFTENING COPPER PRICE IN LONDON IS DUE TO USUAL SEASONAL SLOW DOWN PLUS CHINESE WITHDRAWAL FROM MARKET. GUERONIK SAID THAT PLANNED INCREASES IN CHILEAN COPPER PRODUCTION HAVE BEEN COMPLETELY DISCARDED IN VIEW OF SEVERE DIFFICULTIES GOC HAS ENCOUNTERED SINCE ALLENDE REGIME TOOK OVER. GOC IS UNABLE EVN TO ESTIMATE NOW WHAT TOTAL PRODUCTION WILL BE FOR 1973, AND HE SAID THAT CHILEANS WERE LIVING " FROM HAND TO MOUTH". HE DOES NOT BELIEVE CHILEAN PRODUCTION WILL INCREASE MORE THAN ONE OR TWO PERCENT IN NEXT TWO YEARS OVER 1972 LEVELS AND SUSPECTS THAT RISING DEMAND IN INDUSTRIALIZED COUNTRIES WILL ELIMINATE OVERSUPPLY SITUATION IN WORLD COPPER MARKET WHICH HAS EXISTED IN RECENT PAST.

4. GUERONIK SAID HE UNDERSTOOD USG DID NOT INTEND CONSULT WITH COPPER PRODUCING COUNTRIES ABOUT STOCKPILE DISPOSAL PLANS. WE CALLED HIS ATTENTION TO RESUME OF BILL SUBMITTED TO CONGRESS, (STATE 70364, PARA 6), WHICH IMPLIES THAT CONSULTATIONS WILL TAKE PLACE AFTER CONGRESS HAS APPROVED THE PRESIDENT' S BILL. (COMMENT: HE SEEMED GREATLY RELIEVED TO LEARN THIS.)

5. IF DEEMED ADVISABLE, WE WOULD APPRECIATE RECEIVING CLARIFICATION OF DISPOSAL PLANS (PARA 1 ABOVE) WE CAN PASS TO GUERONIK. DECONTROL MAY 31, 1974.
IRWIN

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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